

## Message Text

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FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 1918

UNCLAS TAIPEI 3389

EO 11652 NA

TAGS AFSP TW

SUBJECT: FY 76 COMMERCIAL BUDGET

REF A) STATE 96131, B) TAIPEI 6768 (1973)

1. SUMMARY: EMBASSY HAS CURRENTLY 16 EMPLOYEES (5 US AND 11 FSLs) ENGAGED FULL TIME IN CARRYING OUT COMMERCIAL PROGRAM. TWO ADDITIONAL EMPLOYEES (1 US AND 1 FSL) ARE SCHEDULED TO COME ON BOARD IN FY 75. COMPLEMENT OF 18 EMPLOYEES WILL ENABLE EMBASSY TO CARRY OUT COMMERCIAL PROGRAM EFFECTIVELY IN FY 75 AND FY 76. EMBASSY WILL SPEND APPROXIMATELY \$8,500 IN FY 74 IN FIVE CATEGORIES OF COMMERCIAL SERVICES (REPRESENTATION, LIBRARIES, TRAVEL, CONTRACT SERVICES AND NEWSLETTERS). FY 75 REQUIREMENTS FOR THESE FIVE CATEGORIES ARE ESTIMATED AT \$12,050 AND FY 76 REQUIREMENTS AT \$14,050. END SUMMARY.

2. IN FY 74 11 STATE-FUNDED EMPLOYEES (4 US AND 7 FSLs) HAVE BEEN ENGAGED SOLELY IN CARRYING OUT COMMERCIAL PROGRAM. FOUR US EMPLOYEES ARE COMMERCIAL ATTACHE, TRADE CENTER DIRECTOR, ASST. COMMERCIAL ATTACHE AND SECRETARY. SEVEN FSL EMPLOYEES ARE CHIEF COMMERCIAL SPECIALIST, TWO COMMERCIAL SPECIALIST II'S, ONE COMMERCIAL SPECIALIST III, MARKET RESEARCH ASSISTANT, AND TWO SECRETARIES, ONE OF WHICH SERVES FOUR COMMERCIAL SPECIALISTS AND THE OTHER THE TRADE CENTER DIRECTOR.

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FIVE COMMERCE-FUNDED EMPLOYEES, ALL OF WHOM ARE LOCATED

AT THE TRADE CENTER, ALSO ARE ENGAGED FULL TIME IN COMMERCIAL PROGRAMS. THESE INCLUDE ONE US EMPLOYEE, THE DEPUTY DIRECTOR OF THE TRADE CENTER, AND FOUR FSLS (EXHIBITS ASST., TRADE PROMOTION ASST., CLERK-TYPIST AND SECRETARY/FISCAL ASST.).

3. A STATE-FUNDED MARKET RESEARCH OFFICER HAS BEEN ASSIGNED TO THE TRADE CENTER. THE EMBASSY HAS REQUESTED THE ESTABLISHMENT OF AN ADDITIONAL STATE-FUNDED LOCAL POSITION (COMMERCIAL ASST.) AND IT HAS BEEN INFORMED (REF B) THAT THAT POSITION WAS INCLUDED IN THE FY 75 BUDGET REQUEST. WITH THE ADDITION OF THE MARKET RESEARCH OFFICER AND IF THE COMMERCIAL ASST. POSITION IS APPROVED, THE POST WILL HAVE 18 EMPLOYEES (SIX US AND 12 LOCAL) ENGAGED FULL TIME IN THE COMMERCIAL PROGRAM. THESE WILL INCLUDE 3 US AND 6 LOCAL POSITIONS, THE SUPERVISION OF WHICH IS THE RESPONSIBILITY OF THE COMMERCIAL ATTACHE, AND 3 US AND 6 LOCAL POSITIONS WHICH ARE THE RESPONSIBILITY OF THE TRADE CENTER DIRECTOR. THE EMBASSY DOESNOT BELIEVE THAT THE ESTABLISHMENT OF ADDITIONAL POSITIONS IS JUSTIFIED IN FY 76.

4. EMBASSY IS PREPARING DETAILED JUSTIFICATIONS FOR EXISTING STATE-FUNDED US AND FSL POSITIONS IN COMMERCIAL SECTION BUT GUIDANCE IS REQUESTED AS TO NECESSITY OF PREPARING JUSTIFICATIONS FOR COMMERCE-FUNDED POSITIONS IN TRADE CENTER. ALSO, SHOULD EMBASSY JUSTIFY POSITIONS OF TRADE CENTER DIRECTOR, MARKET RESEARCH OFFICER MARKET RESEARCH ASST. AND FSL SECRETARY TO DIRECTOR WHICH, WHILE FUNDED BY SATE, ARE ENGAGED FULL TIME IN TRADE CENTER ACTIVITIES?

5. EMBASSY ESTIMATES OF EXPENDITURS IN THE FIVE CATEGORIES ENUMERATED IN PARA 3 OF REFTEL (A) FOR FY 74, 75 AND 76 FOLLOW. THEY DO NOT INCLUDE FUNDS MADE AVAILABLE BY COMMERCE FOR TRADE PROMOTION OR USIA EXPENDITURES IN THIS AREA.

A) COMMERCIAL REPRESENTATION- EXPORT PROMOTION IS ONE UNCLASSIFIED

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OF THE MAJOR OBJECTIVES OF THE EMBASSY, INVOLVING NOT ONLY THE COMMERCIAL ATTACHE AND HIS STAFF, BUT ALSO THE AMBASSADOR, DCM , ECONOMIC AND COMMERCIAL COUNSELOR, AND THE FOUR OFFICERS IN THE ECONOMIC/ COMMERCIAL SECTION WHOSE MAJOR RESPONSIBILITIES ARE MORE ECONOMIC THAN COMMERCIAL. IT IS ESTIMATTD THAT EXPENDITURES ON COMMERCIAL REPRESENTATION INVLVING EXPORT PROMOTION IN FY 74 WILL BE \$700.

ESTIMATED OTHER EXPENDITURES ON COMMERCIAL REPRESENTATION IN FY 74 WILL BE \$500, FOR A TOTAL ESTIMATED EXPENDITURE OF \$1,200. TOTAL ESTIMATED FY 75 AND 76 REQUIREMENTS WILL BE \$1,800 AND \$2,400, RESPECTIVELY. THE PROPOSED INCREASES ARE DUE NOT ONLY TO A GREATER EFFORT BY THE EMBASSY TO EXPAND EXPORTS OF US GOODS AND SERVICES BUT ALSO TO INCREASES IN LOCAL COSTS AS A RESULT OF SEVERE INFLATIONARY PRESSURES.

B) LIBRARIES-THE EMBASSY ANTICIPATES EXPENDITURES OF \$1,300 IN FY 74, NOT INCLUDING COSTS INCURRED BY USIS, WHICH MAINTAINS A SELECT COLLECTION OF COMMERCIAL PUBLICATION IN ITS MAIN LIBRARY IN TAIPEI AND BRANCH LIBRARIES IN TAICHUNG AND KAOHSIUNG. COSTS OF BOTH US AND LOCAL PUBLICATIONS HAVE BEEN INCREASING YEAR BY YEAR AND IT IS ESTIMATED THAT MERELY TO RENEW SUBSCRIPTIONS IN FY 75 WILL REQUIRE THE EXPENDITURE OF AT LEAST \$1,500. TO PURCHASE ADDITIONAL PUBLICATIONS WHICH WOULD ENHANCE THE CAPABILITY OF THE COMMERCIAL LIBRARY TO SERVE THE BUSINESS COMMUNITY WILL REQUIRE AT LEAST AN ADDITIONAL \$500, RAISING THE FY 75 REQUIREMENT TO \$2,000. ASSUMING PRICES CONTINUE TO INCREASE, THE FY 76 REQUIREMENT WILL BE APPROXIMATELY \$2,500.

C) TRAVEL- AT LEAST 75 PERCENT OF THE LOCAL TRAVEL PERFORMED BY PERSONNEL ASSIGNED TO THE ECONOMIC/ COMMERCIAL SECTIONS IS IN SUPPORT OF EXPORT PROMOTION, E.G., CATALOGUE SHOWS, TRADE MISSIONS, CALLS ON LOCAL BUSINESSMEN AND TRADE ASSOCIATIONS AND INSTORE PROMOTIONS. IN FY 74 AN ESTIMATED \$750 WILL BE SPENT IN THIS CATEGORY OUT OF AN APPROXIMATE TOTAL OF \$1,000 SPENT BY THE SECTION FOR LOCAL TRAVEL.

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OWING TO INCREASING COSTS OF TRANSPORTATION, HOTELS AND MEALS, AN ESTIMATED \$1,500 WILL BE REQUIRED IN FY 75 AND AN ESTIMATED \$1,800 IN FY 76. THE PERCENTAGE OF TRAVEL FUNDS ALLOCATED TO EXPORT PROMOTION SHOULD REMAIN THE SAME AS IN FY 74.

D) CONTRACT SERVICES - EMBASSY HAS SPENT \$660 IN FY 74 FOR PUBLICATION OF US FIRMS IN TAIWAN, THE ONLY CONTRACT SERVICE UTILIZED. IT IS ANTICIPATED THAT OWING TO INCREASED PRINTING COSTS, THE PUBLICATION WILL COST AT LEAST \$750 IN FY 75 AND PERHAPS AS MUCH AS \$850 IN FY 76. THE EMBASSY HAS NO PLANS TO MAKE GREATER USE OF CONTRACT SERVICES.

E) NEWSLETTER- THE EMBASSY'S BI-MONTHLY COMMERCIAL NEWSLETTER COST \$4,328 IN FY 74. IT IS SIGNIFICANT

TO NOTE THAT PUBLICATION COSTS INCREASED CONSIDERABLY  
DURING THE YEAR. WHEREAS THE JANUARY-FEBRUARY  
ISSUE COST \$604, THE MARCH-APRIL AND MAY-JUNE ISSUES  
COST \$938. AT THAT RATE, FY 75 PUBLICATION COSTS WILL  
BE OVER \$5,600 BUT ONLY IF THE PRICE IS NOT RAISED  
AGAIN. THE EMBASSY ESTIMATES FY 75 REQUIREMENTS AT  
\$6,000 AND FY 76 REQUIREMENTS AT \$6,500.  
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